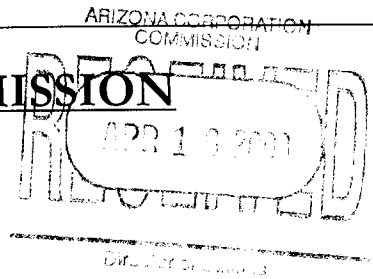


ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION



ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W-01896A
Holiday Water Company
P. O. Box 309
Tombstone AZ 85638

ANNUAL REPORT

*Entered
4/30/03
Cym.*

FOR YEAR ENDING

12	31	2002
----	----	------

FOR COMMISSION USE

ANN 04	02
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OK

COMPANY INFORMATION

Company Name (Business Name) Holiday Enterprises, Inc.
dba: Holiday Water Co.

Mailing Address P.O. Box 309
(Street)

Tombstone AZ 85638
(City) (State) (Zip)

520 457 3350 520 457 3350
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address merle.cowan@juno.com

Local Office Mailing Address same as above
(Street)

(City) (State) (Zip)

Local Office Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address

MANAGEMENT INFORMATION

Management Contact: Merle M. Cowan Manager
(Name) (Title)

P.O. Box 309 Tombstone AZ 85638
(Street) (City) (State) (Zip)

520 457 3350 520 457 3350
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address merle.cowan@juno.com

On Site Manager: Robert E. Cowan
(Name)

same as above
(Street) (City) (State) (Zip)

Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address

Statutory Agent: Robert M. Struse, Esq.
(Name)

6750 N. Oracle Rd. Tucson Az 85704
(Street) (City) (State) (Zip)

520-575-5555 520-575-5599
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Attorney: Robert M. Struse, Esq.
(Name)

Same as above
(Street) (City) (State) (Zip)

Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input checked="" type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|---|-----------------------------------|
| <input type="checkbox"/> APACHE | <input checked="" type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises	370.	114.	256.
303	Land and Land Rights	750.		750.
304	Structures and Improvements	479.	479.	
307	Wells and Springs	5153	4651.	502.
311	Pumping Equipment	15,704	8010.	7,694.
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	6,598	6,598.	
331	Transmission and Distribution Mains	64,100	47,221.	16,879
333	Services	4,843	2,839	2,004
334	Meters and Meter Installations	12,695	4,926	7,769
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	2,813	2,057	756
341	Transportation Equipment	2,000	2,000	
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	115,506	78,895	36,611

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises	370.	5%	19.
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs	718.	5%	36.
311	Pumping Equipment	15,704	5%	490.
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains	24,587.	5%	1,229.
333	Services	2,393	5%	120.
334	Meters and Meter Installations	9,795	5%	490.
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	1,429	25%	357.
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	54,996		2720.

This amount goes on Comparative Statement of Income and Expense
Acct. No. 403.

COMPANY NAME

BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 6288.76	\$ 5144.31
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	4787.14	5,384.62
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 11,075.90	\$ 10,528.93
	FIXED ASSETS		
101	Utility Plant in Service	\$ 111,225.42	\$ 115,505.65
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	- 76,170.00	- 78,890.00
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 35055.42	\$ 36,615.65
	TOTAL ASSETS	\$ 46,131.32	\$ 47,144.58

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 133.51	\$ 1573.51
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	532.50	660.99
236	Accrued Taxes	423.74	171.40
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 1089.75	\$ 2405.90
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 0	\$ 0
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	3472.00	4844.00
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	9750.00	9750.00
272	Less: Amortization of Contributions	- 2102.00	- 2540.00
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 11,120.00	\$ 12,004.00
	TOTAL LIABILITIES	\$ 12,209.75	\$ 14,409.90
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 4000.00	\$ 4000.00
211	Paid in Capital in Excess of Par Value	300.00	300.00
215	Retained Earnings	29,621.57	28,434.68
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 33,921.57	\$ 32,734.68
	TOTAL LIABILITIES AND CAPITAL	\$ 46,131.32	\$ 47,144.58

COMPANY NAME

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 48,138.13	\$ 49,959.28
460	Unmetered Water Revenue		
474	Other Water Revenues	340.00	530.00
	TOTAL REVENUES	\$ 48,478.13	\$ 50,489.28
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water	0	116.33
615	Purchased Power	3746.52	6282.10
618	Chemicals		
620	Repairs and Maintenance	1035.88	1673.76
621	Office Supplies and Expense	883.42	1033.87
630	Outside Services	30,018.43	35,400.40
635	Water Testing	1226.52	1828.08
641	Rents		
650	Transportation Expenses	66.19	—
657	Insurance – General Liability	1181.84	598.80
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense		
403	Depreciation Expense	1859.00	2232.00
408	Taxes Other Than Income	54.00	54.00
408.11	Property Taxes	2334.75	2451.79
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 42,406.55	\$ 51,671.13
	OPERATING INCOME/(LOSS)	\$ 6,071.58	\$ (1181.85)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 251.86	\$ 189.61
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses	56.24	178.15
427	Interest Expense	101.15	16.50
	TOTAL OTHER INCOME/(EXPENSE)	\$ 170.95	\$ (504)
	NET INCOME/(LOSS)	\$ 6242.53	\$ (1186.89)

COMPANY NAME

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate				
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End

\$

Meter Deposits Refunded During the Test Year

\$

COMPANY NAME

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (Gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
39-0002197	20 HP	110 GPM		8"	4"	

- Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
MUTUAL BACKUP TIE IN WITH THE CITY OF TOMBSTONE		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
15	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
20,000 gal.	1	2000	1

COMPANY NAME

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	Galv.	580
3	Transite	4150
4	Transite	8630
5		
6	Transite	4980
8		
10		
12		
1 1/2	Galv.	2374
2"	PVC	4430
3"	PVC	3100
4"	PVC	7460

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	144
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

STRUCTURES:

Fencing around wellsite, Air compressor

Computer desk, wellhead master meter

OTHER:

COMPANY NAME:

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2002

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	139	905,950	1,065,420 gallons
FEBRUARY	139	794,500	937,340
MARCH	140	887,690	1,000,930
APRIL	141	1,173,090	1,298,910
MAY	140	1,570,810	1,718,390
JUNE	142	1,522,080	1,552,650
JULY	142	1,301,510	1,338,870
AUGUST	142	1,195,830	1,382,480
SEPTEMBER	142	1,106,620	1,177,660
OCTOBER	143	1,124,210	1,338,350
NOVEMBER	144	859,340	989,340
DECEMBER	144	769,770	853,890
TOTAL		N/A	14,654,230

132/1400 cm

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes

(☒) No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes

(☒) No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. 0.0076 mg/l

(If more than one well, please list each separately)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Holiday Ent., Inc. YEAR ENDING 12/31/2002

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2002 was: \$ 2451.79

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

COMPANY NAME _____

YEAR ENDING 12/31/2002

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported 50,489.
Estimated or Actual Federal Tax Liability _____State Taxable Income Reported _____
Estimated or Actual State Tax Liability _____

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

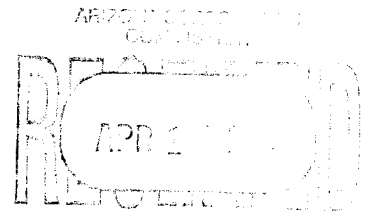
Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Merle M. Cowan
SIGNATURE4-14-03
DATEMerle M. Cowan
PRINTED NAMEManager
TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**



VERIFICATION

STATE OF _____
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	<u>Cochise</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>Merle M. Cowan, Manager</u>
COMPANY NAME	<u>Holiday Enterprises, Inc</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2002</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2002 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 53,635.99

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 3,146.71
IN SALES TAXES BILLED, OR COLLECTED

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

Merle M. Cowan
SIGNATURE OF OWNER OR OFFICIAL
520-457-3350
TELEPHONE NUMBER

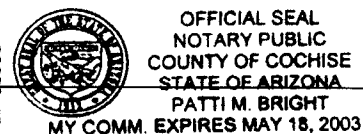
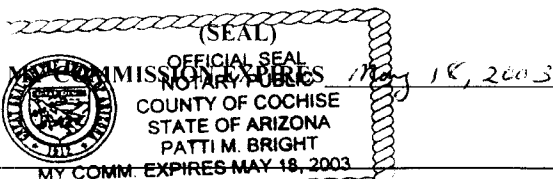
SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

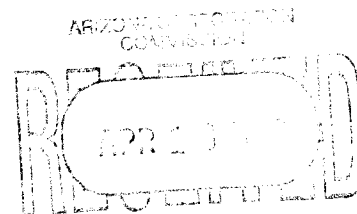
THIS 14TH DAY OF

COUNTY NAME	<u>Cochise</u>
MONTH	<u>April</u>
	<u>2003</u>

Patti M. Bright
SIGNATURE OF NOTARY PUBLIC



**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**



VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

(COUNTY NAME) <u>Cochise</u>		Director of Utilities
NAME (OWNER OR OFFICIAL) <u>Merle M. Cowan</u>		TITLE <u>Manager</u>
COMPANY NAME <u>Holiday Enterprises, Inc.</u>		

MONTH	DAY	YEAR
12	31	2002

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2002 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>53,635.99</u>

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 3,146.71
IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

Merle M. Cowan
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

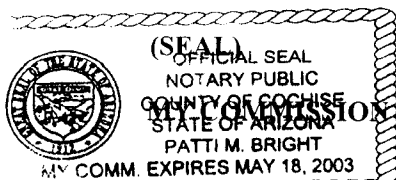
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

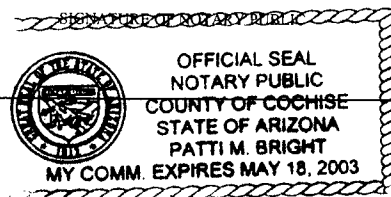
14TH

DAY OF

NOTARY PUBLIC NAME <u>PATTI M. BRIGHT</u>	
COUNTY NAME <u>Cochise</u>	
MONTH <u>April</u>	200 <u>3</u>



X Patti M. Bright



COCHISE COUNTY TREASURER
Receipt of Taxes Paid

Date: 31 Oct 2002 Time: 14:05:43

Page: 1
Cashier: BBR

Tax Year	Parcel	Portion	Tax Paid	Interest Paid	Penalty Paid	Paid
2002	91240100004	1	1,280.93			1,280.93

Payment type: Check# 3274

Payment Received: \$ 1,280.93

Tax still owing: .00

Notes:

Received from:

HOLIDAY ENTERPRISES INC
P O BOX 309
TOMBSTONE-AZ 85638

COCHISE COUNTY TREASURER
Receipt of Taxes Paid

Date: 1 May 2002 Time: 14:50:34

Page: 1
Cashier: BBR

Tax Year	Parcel	Portion	Tax Paid	Interest Paid	Penalty Paid	Paid
2001	91240100004	2	1,170.86			1,170.86

Payment type: Check# 3226

Payment Received: \$ 1,170.86

Tax still owing: .00

Notes:

Received from:

HOLIDAY ENTERPRISES INC
PO BOX 309
TOMBSTONE AZ 85638